

AGREEMENT

Contract No. 1 149  
Ind. 8666

WHEREAS, the Secretary of the Interior has heretofore approved a vanadium-uranium mining lease, dated December 20, 1949, entered into by and between Walter O. Olson, Acting General Superintendent, lessor, and Dan Phillips covering certain lands on the Navajo Reservation in the State of Arizona, containing 640 acres as per description attached to the lease, and

WHEREAS, on the 20th day of December, 1949 the lessee, Dan Phillips did assign a three fourths interest in and to said lease to F. A. Sitton, which assignment was duly approved by the Department of Interior, Bureau of Indian Affairs on March 23, 1951, and

WHEREAS, the interest received by F. A. Sitton has been duly assigned to F. A. Sitton, Inc., a Colorado corporation licensed to do business in the State of Arizona, which assignment has been duly approved by the Department of Interior, Bureau of Indian Affairs, on January 8, 1951, and

WHEREAS, the original lessee, Dan Phillips, the owner of a one-fourth interest is unable to contribute his share of working capital, and

WHEREAS, F. A. Sitton, Inc. has offered to contribute all working capital and to pay the original lessee, Dan Phillips a five percent royalty from the entire production upon said lease in lieu of accounting and settlements under the existing ownership.

NOW, THEREFORE, in consideration of the premises and in consideration of the sum of One and no/100 (\$1.00) Dollar and other good and valuable considerations, which is hereby acknowledged by the said Dan Phillips, the owner of one-fourth interest in the above described lease,

Parties agree as follows:

1. Dan Phillips agrees to accept the five percent royalty on the value of all merchantable ores mined and recovered in accordance with applicable regulations of the Atomic Energy Commission, f.o.b. premises with freight, freight allowance and bonus development, if any, excluded in lieu of other rent or payment of his ownership of the one-fourth interest in said claims, and in calculating royalty the price schedule of ores applicable under the regulations of the Atomic Energy Commission, if any, and the price schedule in determining the royalty to the Navajo Tribe of Indians shall prevail.

2. Royalty payments shall be made when the proceeds of sale of ores are obtained, and if ore is milled by F. A. Sitton, Inc., payments shall be made monthly and shall be based on the value of the ores at the premises.

3. Existing ownership is not altered or changed and this agreement shall be in full force and effect for a period of eight years and thereafter for successive eight year periods until cancelled by either party upon one years written notice prior to expiration of said eight year period.

IN WITNESS whereof the parties have hereunto set their hands and seals this 27th day of January, 1951.

Dan Phillips

F. A. SITTON, INC.

By F. A. Sitton  
President

STATE OF Colorado )  
COUNTY OF Dolores ) ss

Before me, a notary public, in and for said county and State on the 10th day of February, 1951 personally appeared Dan Phillips, to me known to be the identical person who subscribed the foregoing instrument, and acknowledged to me that he executed the same as his free and voluntary act and deed, for the uses and purposes therein set forth.

Margaret M. Hudson  
Notary Public

My Commission Expires:  
May 20th, 1953

STATE OF Colorado )  
COUNTY OF Dolores ) ss

Before me, a notary public, in and for said county and State on this 10th day of February, 1951 personally appeared - F. A. Sitton - to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its - President - and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

My Commission Expires:  
May 20th, 1953

Margaret M. Hudson  
Notary Public

DESCRIPTION

DAN PHILLIPS LEASE #8666 - PARCEL NO. 1  
Commonly called South part of Mesa 2 and Mesa No. 2½)

Beginning at the Northeast corner of Parcel No. 1 which is the Southeast corner of Mesa No. 2, north part; thence N 88° W. a distance of 1321 feet; thence, due South a distance of 2095 feet; thence, due West a distance of 338 feet; thence, due North a distance of 2200 feet; thence, due West a distance of 334 feet; thence S 37° - 15' W a distance of 3900 feet; thence, due East a distance of 5100 feet; thence, due North a distance of 2000 feet; thence, N 21° - 10' W a distance of 1050' to the point of beginning, containing 200 acres more or less, as surveyed by Thomas L. Tripp, Engineer, in September, 1950.

DAN PHILLIPS LEASE #8666 - PARCEL NO. 2  
(Commonly called Mesa No. 4)

Beginning at the Northeast corner of Parcel No. 2 which is marked by a pruned pine tree whose geographical co-ordinates are Latitude 36° - 32' - 03."94 North and Longitude 109°-14'-14."08 West of Greenwich. Luka, a U. S. Geological Survey Triangulation Station (Latitude 36° - 30'-13."42 North, Longitude 109°-11'-49."42 West) bears S 46°-35'-05"E a distance of 16,259.7 feet from the point of beginning; thence, N. 53° W. a distance of 500 feet; thence S 37° W a distance of 6800 feet; thence S 53° E a distance of 1520 feet; thence N 37° E a distance of 3439 feet; thence, N 20° E a distance of 3480 feet to the point of beginning, containing 198 acres more or less, as surveyed by Thomas L. Tripp, Engineer, in September, 1950.

DAN PHILLIPS LEASE #8666 - PARCEL NO. 3  
(Commonly called Mesa No. 5)

Beginning at the Northeast corner on Parcel No. 3, a point marked by a pruned pine tree whose geographical co-ordinates are Latitude 36°-32'-39".51 North, Longitude 109°-14'-24."64 West of Greenwich. Luka, a U. S. Geological Survey Triangulation Station (Lat. 36°-30'-13".42 N, Long. 109°-11'-49."42 West) bears S 40°-37'-31" E a distance of 19,461.7 feet from the point of beginning; thence, S 72° W a distance of 5240 feet to the Northwest corner; thence, S 68° E a distance of 2250 feet to the Southwest corner; thence N 71° E a distance of 330 feet to a corner; thence, N 30° W a distance of 530 feet to a corner; thence N 22°-30' E a distance of 810 feet to a corner; thence, S. 51°-30' E a distance of 1685 feet to a corner; thence N 47° E a distance of 2085 feet to the Southeast corner; thence, N 19° W a distance of 926 feet to the point of beginning, containing 130 acres, more or less, as surveyed by Thomas L. Tripp, Engineer in September, 1950 and revised May 7, 1951 after joint survey for division of Mesa No. 5 with Cato Sells.

May 1, 1954

DAN PHILLIPS' LEASE NO. 8666

Parcel No. 1

Mesa No. 2 - 2½

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates, based on U.S. A.E.C. data, being N 106,809.94 E 203,821.56, said corner common with corner No. 5 Koley Black's lease No. 8667 Mesa No. 2, parcel No. 2; whence 1-2 a Kerr-McGhee triangulation station bears S 87° 50' 00" E 2434.0'; thence N 88° 00' 00" W 1321.0' to corner No. 2, a 2" iron stake driven in the ground, being common with corner No. 4, Koley Black's lease No. 8667, Mesa No. 2, parcel No. 2 whose coordinates are N 106,856.04 E 202,501.37; thence due South 2095.0' to corner No. 3, a 2" iron stake driven in the ground whose coordinates are N 104,761.04 E 202,501.37; thence due West 666.0' to corner No. 4, a 2" iron pipe driven in the ground whose coordinates are N 104,761.04 E 201,835.37; thence due North 2200' to corner No. 5, a 2" iron pipe driven in the ground whose coordinates are N 106,961.04 E 201,835.37; thence due West 334.0' to corner No. 6, a 2" iron pipe driven in the ground whose coordinates are N 106,961.04 E 201,501.37, said corner being common with corner No. 1, parcel No. 5, Henry Phillips' permit, Mesa No. 3; thence S 37° 15' 00" W 3900.0' to corner No. 7, a 2" iron pipe driven in the ground whose coordinates are N 103,856.64 E 199,140.74, said corner also common with corner No. 1, parcel No. 3, David Phillips' mining permit No. 140 containing 254.96 acres; thence due East 5100.0' to corner No. 8 whose coordinates are N 103,856.04 E 204,240.74; thence S 61° 45' 00" E 223.0' to corner No. 9, a 2" iron pipe driven in the ground whose coordinates are N 103,750.02 E 204,438.06, said corner being common with corner No. 9 Koley Black's lease No. 8667, Mesa No. 1; thence due North 700.0' to corner No. 10, whose coordinates are N 104,449.63 E 204,438.80, said corner being common with corner No. 8 Koley Black's lease Mesa No. 1; thence N 07° 37' 00" W 1425.0' to corner No. 11, whose coordinates are N 105,851.96 E 204,251.42; thence N 24° 10' 00" W 1050.0' to corner No. 1 and point of beginning, containing 239.42 acres, said claim being known as Mesa 2-2½ located in Apache County Arizona. All bearings, distances, coordinates are based on U.S. A.E.C. data as established by U.S. Geologic Survey.

May 1, 1954

DALPHILLIPS' LEASE NO. 8666

Parcel No. 3

Mesa No. 5

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 114,954.14 E 200,462.14; thence Luka, a U.S.G.S. triangulation station bears S 40° 39' 03" E 19475.80'; thence S 70° 06' 00" W 4801.52' to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 113,320.14 E 195,947.19; thence Rex a Kerr-McGee triangulation station bears S 02° 06' 00" E 778'; thence S 67° 59' 00" E 2122.77' to corner No. 3, said corner being common with corner No. 1 Tom Joe mining permit No. 57, parcel No. 1; thence S 82° 31' 00" E 371.51' to corner No. 4, a 2" iron pipe driven in the ground whose coordinates are N 112,475.81 E 198,283.65 thence N 22° 32' 00" W 660.18' to corner No. 5, a 2" iron pipe driven in the ground whose coordinates are N 113,085.84 E 198,030.94; thence N 44° 14' 00" E 975.54' to corner No. 6, a 2" iron pipe driven in the ground whose coordinates are N 113,784.82 E 198,711.45; thence S 34° 15' 00" E 517.58' to corner No. 7, a 2" iron pipe driven in the ground whose coordinates are N 113,356.97 E 199,002.71; thence south 53° 24' 00" E 864.08' to corner No. 8, a 2" iron pipe driven in the ground whose coordinates are N 112,841.63 E 199,696.36; thence N 76° 08' 00" E 174.29' to corner No. 9, a 2" iron pipe driven in the ground whose coordinates are N 112,883.58 E 199,865.62; thence N 40° 32' 00" E 1868.28' to corner No. 10, a 2" iron pipe driven in the ground whose coordinates are N 114,303.55 E 201,079.79; thence N 43° 31' 00" W 897.08' to corner No. 1 and point of beginning containing 160.0 acres located in Apache County, Arizona, all coordinates, bearings and distances are based on U.S. A.E.C. Data as U.S. Coast and Geodetic survey.